

BILL # HB 2228

TITLE: VLT; national guard exemption

SPONSOR: Nelson

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Bob Hull/Jeremy Olsen

FISCAL ANALYSIS

Description

The bill would exempt qualified National Guard members from paying the vehicle license tax (VLT) and registration fee for one motor vehicle bought or leased within 12 months after returning to Arizona from active overseas military duty.

Estimated Impact

The bill could decrease State Highway Fund annual revenue by up to \$(43,800). The actual cost will depend on how many guardsmen buy or lease a motor vehicle and the dollar amount exempted.

The Arizona Department of Transportation (ADOT) estimates a maximum decrease in State Highway Fund annual revenue of \$(42,200) and \$8,500 from the State Highway Fund for computer programming.

Analysis

The Department of Emergency and Military Affairs reports that 1,041 National Guard members returned from active duty in 2004. There are currently 957 deployed in 2005. The department expects that 1,041 will be their largest number of deployments, since reservists are entitled to a 2-year waiting period before being recalled for active duty.

ADOT reports that the average VLT was \$165 for FY 2004 and the registration fee is \$8. If 1,041 eligible National Guard members buy or lease a motor vehicle within 12 months of returning to Arizona from active duty, then the total annual VLT and registration fee revenue would decrease by up to \$(179,900) beginning in FY 2006. The State Highway Fund would have a decrease in revenue of up to \$(43,800). The actual amount in any 1 year, however, will likely be significantly less.

The bill would have a general effective date.

Local Government Impact

Local governments would have an annual decrease of up to \$(136,100) in their VLT and HURF distributions beginning in FY 2006, including decreases of up to \$(67,900) to cities and up to \$(68,200) to counties. In addition, State Highway Fund monies for urban controlled access freeways would decrease by up to \$(6,400) as described above. Monies for urban controlled access freeways are divided 75% for Maricopa County and 25% for Pima County.

1/28/05